

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-07 COME-00 OMB-01 TRSE-00 /066 W
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R 170920Z MAY 77
FM AMCONSUL PALERMO
TO SECSTATE WASHDC 2077
INFO AMEMBASSY ROME
AMEMBASSY MOSCOW
AMCONSUL ZURICH

C O N F I D E N T I A L PALERMO 0348

E.O. 11652: GDS
TAGS: PFOR, ECON, IT, UR
SUBJ: SOVIET INTEREST IN SICILIAN MAGNESIUM PROJECT

REF: PALERMO 0078

1. REFTEL REPORTED SOVIET INTEREST, WITH SWISS FINANCIAL
BACKING, IN SUPPLYING TECHNOLOGY FOR EXTRACTING METALLIC
MAGNESIUM FROM LIQUID WASTE PRODUCTS OF POTASSIUM SALT MINE
IN PASQUASIA, SICILY,

2. LOCAL PRESS HAS REPORTED ARRIVAL ON MAY 13 OF A GROUP OF
SOVIET AND SWISS EXPERTS TO STUDY PROJECT. GROUP INCLUDES
BORIS KURAKIN, LISTED AS VICE PRESIDENT OF LICENSINTORG OF
MOSCOW, REPRESENTATIVES OF VAMI INSTITUTE, LENINGRAD; AND
ENGINEERS FROM THE SULZER CORP. OF SWITZERLAND.

3. DIRECTOR OF OF THE SICILIAN REGIONAL GOVERNMENT'S MINERALS
AGENCY (EMS), WHICH HOLDS MAJORITY INTEREST IN PASQUASIA
MINE, TOLD US MAY 10 HE BELIEVED SOVIETS WERE INTERESTED
ONLY IN SELLING TECHNOLOGY AND NOT IN BUYING MAGNESIUM METAL.
EMS DIRECTOR ALSO SAID A CONSORTIUM OF SWISS BANKS WAS PREPARED
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TO FINANCE PROJECT WITH 6 PERCENT INTEREST, WITH REPAYMENT
TO START FIVE YEARS AFTER LOAN GRANTED.

4. SICILIAN INTEREST IN PROJECT STEMS BOTH FROM THE
SUBSTANTIAL DEFICIT (REPORTEDLY \$40 MILLION) ACCRUED BY THE PRESENT
MINING OPERATION AND FROM JOB OPPORTUNITIES NEW CONSTRUCTION
AND PLANT WOULD CREATE.

5. AN EXPERIENCED SICILIAN CONSULTING ENGINEER WHO IS FAMILIAR WITH PASQUASIA MINE TOLD US HE BELIEVED REGIONAL GOVERNMENT SHOULD GO SLOW ON PROJECT GIVEN LARGE AMOUNTS OF ELECTRICAL ENERGY NEEDED FOR REFINING MAGNESIUM. HE ALSO INDICATED THAT OTHER ITALIAN COMPANIES, I.E. MONTEDISON AND SNIA HAD PREVIOUSLY STUDIED AND REJECTED PROJECT.
COLLINS

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Message Attributes

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